NSC BRIEFING

25 October 1956

IMPLICATIONS OF DEVELOPMENTS IN POLAND AND HUNGARY:

- A. On Soviet policy toward Satellites: Soviet decision to go along

 Polish

 with Gomulka's national Communist state may new be reassessed because

 of events in Hungary. These are the reasons;
 - 1. Hungarian revolt demonstrates hatred of all forms of Communism, including so-called national Communism, by populations in captive states and continued love for free land.
 - 2. Hungarian revolt may demonstrate inability of "Moderate" Natural
 Communist regimes to maintain control.

 En what may have been a Trempel
- 3. Soviet decision to intervene -- whether on Hungarian regime

 fund further P.M. of a few hours,

 request -- has shown "true colors" of USSR, colors the USSR

 reluctant to reveal in Poland. It may thus lessen Soviet reluctance

 to move militarily in Poland if the situation there argues for such intervention.
 - 4. Soviet intervention in Hungary revealed clear line between Moscow's attitude(as of 23 October) toward national Communism (a la Gomulka and exemplified Tito) and non-Communism, as explified by "rebels" in Hungary who are fighting Nagy's national Communist regime.
 - 5. USSR may now draw new line demanding even more of national Communism, in effect get tougher toward all Satellites, including Gomulka's Poland.

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duestion is whether to revert to harsh, Stalinist measures and thus jeopardize over-all, "peaceful co-existence" foreign policy in eyes of the world, or whether to continue tolerance of national Communist regimes in Hungary and Poland after order restored and Soviet troops are back in gardion. This latter alternative horses the continue tolerance of national Communist regimes in Hungary and Poland after order restored and Soviet troops are back in gardion. This latter alternative horses the continue tolerance of national Communist regimes in Hungary and Poland after order restored and security and continue tolerance of national Communist regimes in Hungary and Poland after order restored and unsolved the wk big question of risks to the Soviet empire inforent under

- least partially discredit the Soviet peace and freedom line in the West and the least partially discredit the Soviet peace and freedom line in the West and will probably have a similar effect in neutralist and redountable fand for selenial areas.
 - 1. If USSR follows tolerant policies in Satellites, allowing national Communism, coupled with acceleration of peace moves, it can probably recover lost prestige, but only with time.
 - 2. If hard policy in the Satellites is followed, will this mean a schizoid approach -- hard in Satellites, soft in rest of world -- or will they adopt new and tougher policy in general? --- seeing in this little to lose. (Latter might force neutralists to chose sides?)
 - 3. Possible if course, Soviets will await world reaction to Satellite developments before making up their minds.
 - 4. Also possible this could produce new disagreements in the Kremlin hierarchy.



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C. On internal Satellite developments: National Communists of Gomulka and Nagy ilk presumably want, if left alone: "benevolent monopoly of Communist power, by force only in last extreme; greater role, however, for non-Communists; greater internal freedom, based on law ("socialist legality"); "leading", rather than "ruling" role for Party; economic liberalization, including genuinely voluntary agricultural socialization, economic decentralization -- (an end to state capitalism); and immediate emphasis on raise in standards sk of living; a foreign policy based on equal alliance with the USSR, by their own choice, decreased economic relations with the W Soviet Bloc, and, concomitantly, increased relations with the non-Communist world.

USSR still has strong economic hold on all Satellites, whose internal economies are in bad shape, are currently being bolstered by Soviet loans. Poland perhaps the worst off, Czechoslovakia the best. Alternative to economic disruptions in Poland, perhaps Hungary, East Germany as well, my be limited to continued outside help, if not from



the USSR, then from the West.

- D. Effect on Yugoslavia: Tito has responded cautiously to the events in Hungary and Poland. Comment in the Yugoslav press has been limited so far.
 - 1. The Yugoslavs view the establishment of a national Communist - form of government in Poland as a salutary development and have given Gomulka their blessing.
 - 2. The mortal threat to the Nagy Communist regime in Hungary, posed by the popular uprising, appears to have met with Belgrade's disfavor.
 - 3. To a large extent they blame Nagy for what has happened and as a result probably will bide their time before committing themselves on Hungary.
- E. Soviet Leadership: Soviet leaders will probably struggle to give impression of unity during the crisis. A turn-over in the hierarchy now would be admission of serious instability and doctrinal bankruptcy.

However, Soviet leadership is certainly on the defensive at this point and Khrushchev, in particular, may find that his policies are being subjected to extremely critical review. Result may be that factional realignments will take place within the regime and eventually result in EX some changes at the top.